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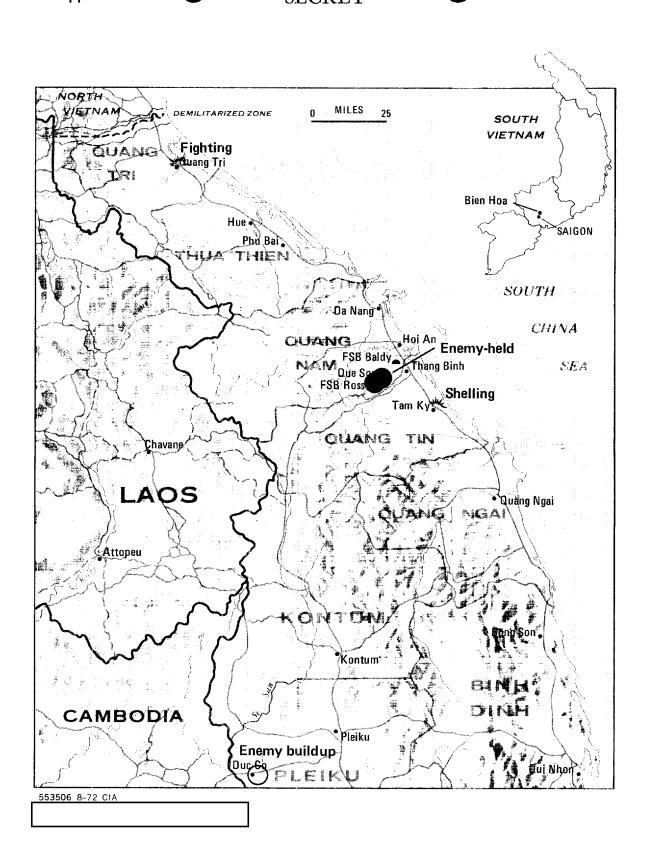
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VIETNAM: Additional government troops have been moved to Quang Nam Province to strengthen the campaign to recapture the Que Son Valley.

A South Vietnamese Army regiment has joined the government's task force at Fire Support Base Baldy and a renewed effort to retake positions lost to the Communists over the weekend was scheduled to get under way yesterday. A sharp enemy attack on territorial forces northwest of Baldy on 23 August and the use of heavy artillery against populated areas in the coastal area, reportedly including a rare shelling of the provincial capital of Quang Tin Province, may be intended to mask further infiltration of Communist regulars into the coastal lowlands.

In the northernmost provinces, fighting has slackened somewhat in and around the provincial capital of Quang Tri, and enemy artillery shellings dropped off sharply on 23 August. Ground action remains light in the Hue area.

There are signs that harder fighting is ahead
in some relatively quiet areas, however.
a buildup of enemy forces is
under way in western Pleiku Province, near Duc Co.
Elements of the North Vietnamese 320th Division are
believed to be moving supplies into the western
Pleiku area from Cambodia. Farther south in the
Saigon area, a North Vietnamese regiment has been
spotted about 15 miles northeast of Bien Hoa Air-
field.

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USSR-AUSTRIA: The Soviets have accepted Austria's arrangement for closer relations with the EC.

In an aide-memoire of 22 August, the Soviets tied their approval to a demand that the mixed Austro-Soviet commission on economic, scientific, and technical cooperation be convened to redress "unequal conditions" that might be created by Austria's closer relations with the EC. The Soviets also reminded the Austrians of their obligations as a neutral and requested official confirmation of this understanding.

For years, while the issue was still in doubt, the Soviets and East Europeans had periodically warned Austria of the dangers of association with the EC "monopolists." The Soviets are now carrying on a similar campaign aimed at Norway and Denmark.

Soviet acceptance of the Austrian arrangement may have important implications for Finland and could indicate that Moscow will accede to a Finnish arrangement with the EC. Moscow's greater leverage in Helsinki, however, may tempt it to try to extract larger concessions or reassurances.

BANGLADESH: Public confidence in the government appears to be gradually slipping.

In a recent assessment, the US Embassy in Dacca cited a number of factors behind this decline. regime seems unable to cope with rising prices and persistent shortages of many essential commodities. Political interference has been hampering the bureaucracy and the police at all levels, and allegations of flagrant corruption among members of the ruling Awami League are widespread. The government, which continues to delay presenting a draft constitution, recently suspended the right of habeas corpus and is rumored to be considering new measures to suppress political opposition.

Meanwhile, organized dissidence is increasing. Leftist opposition groups, including several that had been cooperating with the government, are reportedly planning to begin demonstrations this weekend to protest the rise in prices. A minority leftist faction within the Awami League, led by Finance Minister Tajuddin Ahmed, is widely rumored to be planning to leave the party later this year. Political violence also appears to have risen, with murders of Awami League members reportedly running at two or three each week. Yesterday three groups of leftist students stoned the USIS building in Dacca.

Prime Minister Mujib is expected to return home soon from Switzerland, where he is recuperating from a recent gallstone operation. The return of Mujib, who remains widely revered, may temporarily ease the growing restiveness, but its basic causes are likely to persist, and even Mujib is no longer completely immune from criticism.

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MEXICO: The army has suffered another embarrassing setback in its frustrating efforts to rid/ Guerrero State of guerrillas.

Sixteen more soldiers were killed on 23 August by members of Lucio Cabanas' "Party of the Poor," according to press reports. In late June, Cabanas' group, one of the more politically motivated among Mexico's numerous small guerrilla organizations, ambushed an army truck in Guerrero and killed ten soldiers. Many of Cabanas' supporters and relatives were rounded up and put on trial, but Cabanas himself has eluded capture.

Army search and civic action operations in Guerrero, dating back several years but intensified since early 1971, have accomplished little. On the negative side, they have undoubtedly stimulated resentment among the campesinos, many of whom sympathize with the guerrillas. The Cabanas organization and several other bandit groups have so thoroughly dominated the state that the government is in firm control of little beyond the population centers, including the tourist oasis of Acapulco. Poverty, corruption, and bossism in Guerrero contribute to popular sympathy for the guerrillas. There is little evidence, however, that Cabanas' group has attracted a significant popular following elsewhere in the country.

It is likely that army operations will be increased in Guerrero, but unless some headway is made in improving living conditions, getting the public to cooperate with the authorities will be even more difficult than in the past.

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#### NOTES

USSR-EGYPT: Resentment over criticism in the Cairo press and uneasiness about possible Soviet exclusion from Egyptian diplomatic moves have begun to surface in Moscow. Until recently, Moscow tried to avoid public recriminations that could harm its longer term interests in the Middle East. Publication of editorials considered to be "anti-Soviet" by Cairo's two main newspapers, however, triggered a Soviet response. The first riposte appeared in the weekly magazine New Times. Pravda and Izvestiya have followed up with articles reflecting concern about a possible Egyptian turn to the West, and especially to the US, for support. A Soviet Foreign Ministry official has acknowledged that Moscow is embittered by Cairo's publication of the criticisms and observed that this could only have come about with the approval of Egypt's leaders.

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PANAMA: Although the newly elected National Assembly is due to convene in two weeks to select Panama's new president and vice-president, Torrijos has not yet given the delegates their marching or-The new constitution is not fully drafted, and arrangements for fitting Torrijos' de facto control into a constitutional mold remain vague. ernment indecisiveness has apparently created a vacuum that Angel Riera, director of the government community development organization, is eager to fill. Riera is actively seeking the presidency and reportedly has obtained the support of a majority of the legislators. His efforts are likely to be rewarded with exile, but senior officials are becoming concerned about their ability to control the assembly when it convenes. Government arm twisting will undoubtedly win the day, but Torrijos' procrastination and ad hoc style of government could turn what was billed as an exercise in statesmanship--the legitimization of the Provisional Junta government -- into a case of severe embarrassment.

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ISRAEL-SYRIA: Israeli officials are becoming irritated over the number of incidents occurring along the Israeli-Syrian cease-fire line. During the past ten weeks, 21 incidents, including minings, small-arms and rocket fire, overflights, and infiltrations, have been recorded. The Israelis say the actions are carried out by both Syrian soldiers and fedayeen based in Syria. Tel Aviv has issued a public warning to Damascus to call a halt but probably will not retaliate unless the incidents continue or become worse.

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